AtkinsRéalis

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# Interim Condensed Consolidated Financial Statements (unaudited)

For the three-month periods ended March 31, 2024 and 2023

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

| (IN THOUSANDS OF CANADIAN DOLLARS) | Note | MARCH 31 2024 | DECEMBER 31 2023 [1] |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **$ 557,750** | $ 473,563 |
| Restricted cash | | **3,889** | 5,930 |
| Trade receivables | | **1,474,807** | 1,488,772 |
| Contract assets | | **1,687,664** | 1,569,401 |
| Other current financial assets | | **244,034** | 261,472 |
| Other current non-financial assets | | **310,029** | 267,219 |
| **Total current assets** | | **4,278,173** | 4,066,357 |
| Property and equipment | | **333,876** | 332,428 |
| Right-of-use assets | | **309,874** | 254,751 |
| Capital investments accounted for by the equity method | 5 | **385,280** | 389,256 |
| Goodwill | | **3,380,428** | 3,327,777 |
| Intangible assets related to business combinations | | **247,273** | 270,058 |
| Deferred income tax asset | | **922,890** | 886,203 |
| Non-current portion of receivables under service concession arrangements | | **400,034** | 398,436 |
| Other non-current financial assets | | **57,312** | 39,049 |
| Other non-current non-financial assets | | **253,417** | 204,888 |
| **Total assets** | | **$ 10,568,557** | $ 10,169,203 |
| **LIABILITIES AND EQUITY** | | | |
| **Current liabilities** | | | |
| Trade payables and accrued liabilities | | **$ 1,977,255** | $ 1,825,916 |
| Deferred revenues | | **1,334,431** | 1,260,588 |
| Other current financial liabilities | | **283,279** | 279,817 |
| Other current non-financial liabilities | | **371,699** | 386,917 |
| Current portion of provisions | | **121,095** | 169,342 |
| Current portion of lease liabilities | | **76,073** | 74,887 |
| Short-term debt and current portion of long-term debt | 14 | **464,015** | 463,289 |
| **Total current liabilities** | | **4,627,847** | 4,460,756 |
| Long-term debt | 14 | **1,590,225** | 1,519,342 |
| Other non-current financial liabilities | | **19,878** | 24,576 |
| Non-current portion of provisions | | **308,243** | 304,042 |
| Non-current portion of lease liabilities | | **365,607** | 316,414 |
| Other non-current non-financial liabilities | | **37,730** | 37,991 |
| Deferred income tax liability | | **328,651** | 330,827 |
| **Total liabilities** | | **7,278,181** | 6,993,948 |
| **Equity** | | | |
| Share capital | | **1,804,894** | 1,805,080 |
| Retained earnings | | **1,708,565** | 1,652,078 |
| Other components of equity | 9 | **(235,531)** | (293,532) |
| Equity attributable to AtkinsRéalis shareholders | | **3,277,928** | 3,163,626 |
| Non-controlling interests | | **12,448** | 11,629 |
| **Total equity** | | **3,290,376** | 3,175,255 |
| **Total liabilities and equity** | | **$ 10,568,557** | $ 10,169,203 |

[1] Comparative figures have been restated (See Note 2B).

See accompanying notes to interim condensed consolidated financial statements

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

THREE MONTHS ENDED MARCH 31
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT NUMBER OF COMMON SHARES)

**2024**

| | EQUITY ATTRIBUTABLE TO ATKINSRÉALIS SHAREHOLDERS | | | | | | |
|---|---|---|---|---|---|---|---|
| | SHARE CAPITAL | | | | | | |
| | COMMON SHARES (IN THOUSANDS) | AMOUNT | RETAINED EARNINGS | OTHER COMPONENTS OF EQUITY (NOTE 9) | TOTAL | NON-CONTROLLING INTERESTS | TOTAL EQUITY |
| **Balance at beginning of period** | **175,554** | **$ 1,805,080** | **$ 1,652,078** | **$ (293,532)** | **$ 3,163,626** | **$ 11,629** | **$ 3,175,255** |
| Net income for the period | **—** | **—** | **45,534** | **—** | **45,534** | **1,018** | **46,552** |
| Other comprehensive income (loss) for the period | **—** | **—** | **15,708** | **58,001** | **73,709** | **(199)** | **73,510** |
| Total comprehensive income for the period | **—** | **—** | **61,242** | **58,001** | **119,243** | **819** | **120,062** |
| Dividends declared (Note 7) | **—** | **—** | **(3,511)** | **—** | **(3,511)** | **—** | **(3,511)** |
| Stock option compensation | **—** | **—** | **395** | **—** | **395** | **—** | **395** |
| Shares issued under stock option plan | **10** | **366** | **(87)** | **—** | **279** | **—** | **279** |
| Shares repurchased and cancelled (Note 8) | **(54)** | **(552)** | **(2,393)** | **—** | **(2,945)** | **—** | **(2,945)** |
| Deferred income taxes on share-based payment transactions | **—** | **—** | **841** | **—** | **841** | **—** | **841** |
| **Balance at end of period** | **175,510** | **$ 1,804,894** | **$ 1,708,565** | **$ (235,531)** | **$ 3,277,928** | **$ 12,448** | **$ 3,290,376** |

THREE MONTHS ENDED MARCH 31
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT NUMBER OF COMMON SHARES)

2023

| | EQUITY ATTRIBUTABLE TO ATKINSRÉALIS SHAREHOLDERS | | | | | | |
|---|---|---|---|---|---|---|---|
| | SHARE CAPITAL | | | | | | |
| | COMMON SHARES (IN THOUSANDS) | AMOUNT | RETAINED EARNINGS | OTHER COMPONENTS OF EQUITY (NOTE 9) | TOTAL | NON-CONTROLLING INTERESTS | TOTAL EQUITY |
| **Balance at beginning of period** | 175,554 | $ 1,805,080 | $ 1,404,589 | $ (340,155) | $ 2,869,514 | $ 9,571 | $ 2,879,085 |
| Net income for the period | — | — | 28,446 | — | 28,446 | 28 | 28,474 |
| Other comprehensive income for the period | — | — | 26,237 | 53,379 | 79,616 | 419 | 80,035 |
| Total comprehensive income for the period | — | — | 54,683 | 53,379 | 108,062 | 447 | 108,509 |
| Dividends declared (Note 7) | — | — | (3,511) | — | (3,511) | — | (3,511) |
| Stock option compensation | — | — | 149 | — | 149 | — | 149 |
| **Balance at end of period** | 175,554 | $ 1,805,080 | $ 1,455,910 | $ (286,776) | $ 2,974,214 | $ 10,018 | $ 2,984,232 |

See accompanying notes to interim condensed consolidated financial statements

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS
(UNAUDITED)

| (IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT EARNINGS PER SHARE AND NUMBER OF SHARES) | | THREE MONTHS ENDED MARCH 31 | |
|---|---|---|---|
| | Note | **2024** | 2023 |
| **Revenues from:** | | | |
| PS&PM | | **$ 2,257,728** | $ 2,006,729 |
| Capital investments accounted for by the consolidation method or at fair value through other comprehensive income | | **9,087** | 7,633 |
| Capital investments accounted for by the equity method | | **(2,527)** | 8,716 |
| | 3 | **2,264,288** | 2,023,078 |
| Direct costs of activities | | **2,089,416** | 1,864,252 |
| Corporate selling, general and administrative expenses | 4 | **46,918** | 36,297 |
| Restructuring and transformation costs | 15 | **4,565** | 14,511 |
| Amortization of intangible assets related to business combinations | | **20,917** | 20,553 |
| Acquisition-related costs and integration costs | 17 | **326** | — |
| **EBIT** [(1)] | | **102,146** | 87,465 |
| Financial expenses | 6 | **44,576** | 46,814 |
| Financial income and net foreign exchange losses (gains) | 6 | **(6,568)** | 598 |
| **Earnings before income taxes** | | **64,138** | 40,053 |
| Income tax expense | | **17,586** | 11,579 |
| **Net income for the period** | | **$ 46,552** | $ 28,474 |
| | | | |
| **Net income attributable to:** | | | |
| AtkinsRéalis shareholders | | **$ 45,534** | $ 28,446 |
| Non-controlling interests | | **1,018** | 28 |
| **Net income for the period** | | **$ 46,552** | $ 28,474 |
| | | | |
| **Earnings per share (in $)** | | | |
| Basic | | **$ 0.26** | $ 0.16 |
| Diluted | | **$ 0.26** | $ 0.16 |
| | | | |
| **Weighted average number of outstanding shares (in thousands)** | | | |
| Basic | | **175,547** | 175,554 |
| Diluted | | **175,772** | 175,554 |

(1) Earnings before interest and taxes ("EBIT")

See accompanying notes to interim condensed consolidated financial statements

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

| THREE MONTHS ENDED MARCH 31 (IN THOUSANDS OF CANADIAN DOLLARS) | 2024 | | |
|---|---|---|---|
| | ATTRIBUTABLE TO ATKINSRÉALIS SHAREHOLDERS | NON-CONTROLLING INTERESTS | TOTAL |
| Net income for the period | **$ 45,534** | **$ 1,018** | **$ 46,552** |
| Other comprehensive income (loss): | | | |
| Exchange differences on translating foreign operations (Note 9) | **56,734** | **138** | **56,872** |
| Cash flow hedges (Note 9) | **2,623** | **(337)** | **2,286** |
| Income taxes (Note 9) | **(1,356)** | **—** | **(1,356)** |
| Total of items that will be reclassified subsequently to net income | **58,001** | **(199)** | **57,802** |
| Equity instruments designated at fair value through other comprehensive income (Note 9) | **(66)** | **—** | **(66)** |
| Remeasurement of defined benefit plans (Note 9) | **21,114** | **—** | **21,114** |
| Income taxes (Note 9) | **(5,340)** | **—** | **(5,340)** |
| Total of items that will not be reclassified subsequently to net income | **15,708** | **—** | **15,708** |
| Total other comprehensive income (loss) for the period | **73,709** | **(199)** | **73,510** |
| **Total comprehensive income for the period** | **$ 119,243** | **$ 819** | **$ 120,062** |

| THREE MONTHS ENDED MARCH 31 (IN THOUSANDS OF CANADIAN DOLLARS) | 2023 | | |
|---|---|---|---|
| | ATTRIBUTABLE TO ATKINSRÉALIS SHAREHOLDERS | NON-CONTROLLING INTERESTS | TOTAL |
| Net income for the period | $ 28,446 | $ 28 | $ 28,474 |
| Other comprehensive income (loss): | | | |
| Exchange differences on translating foreign operations (Note 9) | 49,672 | 48 | 49,720 |
| Cash flow hedges (Note 9) | 4,288 | 371 | 4,659 |
| Income taxes (Note 9) | (581) | — | (581) |
| Total of items that will be reclassified subsequently to net income | 53,379 | 419 | 53,798 |
| Remeasurement of defined benefit plans (Note 9) | 35,168 | — | 35,168 |
| Income taxes (Note 9) | (8,931) | — | (8,931) |
| Total of items that will not be reclassified subsequently to net income | 26,237 | — | 26,237 |
| Total other comprehensive income for the period | 79,616 | 419 | 80,035 |
| **Total comprehensive income for the period** | $ 108,062 | $ 447 | $ 108,509 |

See accompanying notes to interim condensed consolidated financial statements

# INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| (IN THOUSANDS OF CANADIAN DOLLARS) | | THREE MONTHS ENDED MARCH 31 | |
|---|---|---|---|
| | Note | **2024** | 2023 |
| **Operating activities** | | | |
| Net income for the period | | **$ 46,552** | $ 28,474 |
| Income taxes paid | | **(11,251)** | (26,028) |
| Interest paid | | **(28,111)** | (36,628) |
| Depreciation and amortization | 10A | **61,888** | 58,572 |
| Other reconciling items | 10B | **68,702** | 63,990 |
| | | **137,780** | 88,380 |
| Net change in non-cash working capital items | 10C | **(101,177)** | (145,721) |
| Net cash generated from (used for) operating activities | | **36,603** | (57,341) |
| **Investing activities** | | | |
| Acquisition of property and equipment | | **(17,658)** | (15,383) |
| Net cash inflow from acquisition of a business | 17 | **35,593** | — |
| Change in restricted cash position | | **(46)** | 11,639 |
| Increase in receivables under service concession arrangements | | **(98)** | (54,900) |
| Recovery of receivables under service concession arrangements | | **4,061** | 17,146 |
| Other | | **(12,468)** | (350) |
| Net cash generated from (used for) investing activities | | **9,384** | (41,848) |
| **Financing activities** | | | |
| Increase in debt | 10D | **395,980** | 335,290 |
| Repayment of debt and payment for debt issue costs | 10D | **(330,338)** | (223,385) |
| Payment of lease liabilities | 10D | **(22,473)** | (19,927) |
| Proceeds from exercise of stock options | | **279** | — |
| Repurchase of shares for cancellation | 8 | **(2,945)** | — |
| Dividends paid to AtkinsRéalis shareholders | 7 | **(3,511)** | (3,511) |
| Net cash generated from financing activities | | **36,992** | 88,467 |
| Increase from exchange differences on translating cash and cash equivalents | | **1,208** | 1,744 |
| **Net increase (decrease) in cash and cash equivalents** | | **84,187** | (8,978) |
| **Cash and cash equivalents at beginning of period** | | **473,563** | 570,279 |
| **Cash and cash equivalents at end of period** | | **$ 557,750** | $ 561,301 |

See accompanying notes to interim condensed consolidated financial statements

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

# 1. DESCRIPTION OF BUSINESS

SNC-Lavalin Group Inc. (doing business under the name "AtkinsRéalis") is incorporated under the Canada Business Corporations Act and has its registered office at 455 René-Lévesque Boulevard West, Montreal, Québec, H2Z 1Z3, Canada. SNC-Lavalin Group Inc. is a public company whose common shares are listed on the Toronto Stock Exchange in Canada. Reference to the "Company" or "AtkinsRéalis" means, as the context may require, SNC-Lavalin Group Inc. and all or some of its subsidiaries or joint arrangements or associates, or SNC-Lavalin Group Inc. or one or more of its subsidiaries or joint arrangements or associates.

Created by the integration of long-standing organizations dating back to 1911, AtkinsRéalis is a world-leading professional services and project management company that connects people, data and technology to transform the world's infrastructure and energy systems.

In these unaudited interim condensed consolidated financial statements ("financial statements"), activities related to Professional Services & Project Management ("PS&PM") are collectively referred to as "from PS&PM" to distinguish them from activities related to the Company's Capital investments.

# 2. BASIS OF PREPARATION

## A) BASIS OF PREPARATION

The Company's financial statements are presented in **Canadian dollars**. All values in the tables included in these notes are rounded to the nearest thousand dollars, except where otherwise indicated.

These financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, ("IAS 34").

The International Financial Reporting Standards ("IFRS") accounting policies that are set out in Note 2 to the Company's annual audited consolidated financial statements for the year ended December 31, 2023 were consistently applied to all periods presented.

The preparation of financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant, are disclosed in Note 3 to the Company's annual audited consolidated financial statements for the year ended December 31, 2023 and are updated in these financial statements.

The Company's financial statements have been prepared on the historical cost basis, with the exception, when applicable, of: i) certain financial instruments, derivative financial instruments and liabilities for share unit plans, which are measured at fair value; ii) defined benefit assets (liabilities), which are measured as the net total of the fair value of plan assets minus the present value of the defined benefit obligation; iii) investments measured at fair value held by SNC-Lavalin Infrastructure Partners LP, which is an investment entity accounted for by the equity method and for which the Company has elected to retain the fair value measurement applied by that investment entity; and iv) certain assets held for sale, which are measured at fair value less cost to sell. Historical cost generally represents the fair value of consideration given in exchange for assets upon initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, *Share-based Payment*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2, *Inventories*, or value in use in IAS 36, *Impairment of Assets*.

The Company's financial statements were authorized for issue by the Board of Directors of the Company on May 14, 2024.

## 2. BASIS OF PREPARATION (CONTINUED)

### B) NEW AMENDMENTS ADOPTED IN THE THREE-MONTH PERIOD ENDED MARCH 31, 2024

The following amendments to existing standards were adopted by the Company on January 1, 2024:

- Amendments to IFRS 16, *Leases*, require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.
- Amendments to IAS 1, *Presentation of Financial Statements*, ("IAS 1") clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also clarify the classification requirements for debt an entity might settle by converting it into equity.
- Amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to financial statements.
- Amendments to IAS 7, *Statement of Cash Flows*, and IFRS 7, *Financial Instruments: Disclosures*, introduce disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption by the Company of the amendments listed above did not have a significant impact on the Company's financial statements, except for the amendments to IAS 1 related to classification of liabilities as current or non-current as further discussed below.

#### ADOPTION OF AMENDMENTS TO IAS 1 – CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

The impact from the adoption of amendments to IAS 1 relates to classification of liabilities with an uncertain settlement date as current (due or potentially due to be settled within one year) or non-current. The amendments to IAS 1 result in a classification which is based on an entity's right, at the end of the reporting period, to roll over an obligation for at least twelve months after the reporting period under an existing loan facility, and not an entity's expectation, when it has the discretion whether or not to defer settlement of the obligation.

As at January 1, 2024, the Company assessed classification of all its liabilities and reclassified the carrying amount of its unsecured revolving credit facility (the "Revolving Facility"), which is part of the Company's 2022 Credit Agreement, of $324.6 million out of "Short-term debt and current portion of long-term debt" to "Long-term debt" in its consolidated statement of financial position as at December 31, 2023.

This change was made in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, ("IAS 8") resulting in the restatement of prior period figures (See Note 14).

### C) CHANGE IN PRESENTATION – SEGMENT DISCLOSURES

Effective January 1, 2024, AtkinsRéalis implemented a new operational structure to unify and simplify the Company in the regions where it operates. Under the new structure, the former Engineering Services and Operations & Maintenance ("O&M") reportable segments were merged and are managed by region. Engineering Services Regions now include the following reportable segments: i) Canada, including the existing O&M contracts in Algeria, which are managed by the Canadian leadership team ("Canada"); ii) United Kingdom and Ireland ("UKI"); iii) United States and Latin America, including the global activities of Minerals & Metals ("USLA"); and iv) Asia, Middle East and Australia ("AMEA"). The Nuclear, Linxon, LSTK Projects and Capital reportable segments are unchanged. See Note 3 for a description of each of the segments.

This change was made in accordance with IAS 8 resulting in the restatement of prior period figures (see Note 3).

## 2. BASIS OF PREPARATION (CONTINUED)

### D) PROGRESS IN THE TRANSITION TO ALTERNATIVE BENCHMARK INTEREST RATES

On May 16, 2022, Refinitiv Benchmark Services (UK) Limited, the administrator of the Canadian Dollar Offered Rate ("CDOR"), following the authorization granted by the Ontario Securities Commission and the *Autorité des marchés financiers* (Québec), announced that the calculation and publication of all tenors of CDOR will permanently cease immediately following a final publication on June 28, 2024. As at March 31, 2024, the Company determined that, based on analysis made until that date, its material contracts making reference to CDOR and having outstanding balances as at March 31, 2024 were not expected to be significantly impacted by the change, either because of their expected maturity date, because they already incorporate fallback provisions to establish an alternate reference rate to CDOR or because they are expected to be novated to a new interest benchmark rate prior to the final publication date of CDOR. The Company will continue monitoring the situation on its existing and upcoming contracts until the last publication of the CDOR rate expected in June 2024.

### E) STANDARD AND AMENDMENTS ISSUED TO BE ADOPTED AT A LATER DATE

The following amendments to an existing standard have been issued and are applicable to the Company for its annual periods beginning on January 1, 2025 and thereafter, with an earlier application permitted:

- Amendments to IAS 21, T*he Effects of Changes in Foreign Exchange Rates*, require an entity to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

The following standard has been issued and is applicable to the Company for its annual periods beginning January 1, 2027 and thereafter, with an earlier application permitted:

- IFRS 18, *Presentation and Disclosure in Financial Statements*, replaces IAS 1 and requires: i) income and expenses in the income statement to be classified into three new defined categories–operating, investing and financing–and two new subtotals–"Operating profit or loss" and "Profit or loss before financing and income tax"; ii) disclosures about management-defined performance measures, which are non-IFRS measures related to the income statement, used in public communications to communicate management's view of the entity's financial performance; and iii) disclosure of information based on enhanced general requirements on aggregation and disaggregation, as well as specific requirements to disclose information by nature for specific expenses, for entities that present operating expenses by function in the income statement.

The Company is currently evaluating the impacts of adopting this standard and these amendments on its financial statements.

## 3. SEGMENT DISCLOSURES

The Company has eight reportable segments consisting of i) **Canada**; ii) **UKI**; iii) **USLA**; iv) **AMEA**; v) **Nuclear**; vi) **Linxon**; vii) **LSTK Projects**; and viii) **Capital**.

The description of each of the segments is as follows:

**Canada, UKI, USLA and AMEA** segments (collectively referred to as "**Engineering Services Regions**") incorporate consultancy, engineering, design and project management services in their respective geographic regions primarily for the building & places, defence, industrial, power & renewables, transportation and water markets. They also include O&M activities comprised of providing operations, maintenance and asset management solutions for various assets. In addition to activities in their respective geographic regions, the Canada segment also includes the existing O&M contracts in Algeria managed by the Canadian leadership team, while the USLA segment includes the global activities of Minerals & Metals and the UKI segment also included activities in Scandinavia until their disposal in 2023. A significant portion of Engineering Services Regions revenues are derived from the public sector, including national, provincial, state and local and municipal authorities.

**Nuclear** supports clients across the entire nuclear lifecycle with the full spectrum of services from consultancy, engineering, procurement and construction management ("EPCM") services, field services, technology services, spare parts, reactor support and decommissioning and waste management. As stewards of the CANDU® technology, it also provides new-build and full refurbishment services of CANDU® reactors.

**Linxon** undertakes projects primarily related to the installation of alternative current power substations, including expansions and electrification, notably through repetitive engineering, procurement and construction ("EPC") offerings in the following markets: Utilities, Renewable, Conventional Generation, Transportation and Data centers.

**LSTK Projects** is comprised of the remaining lump-sum turnkey ("LSTK") construction contracts of the Company, notably mass transit projects in Canada. This segment also includes the financial results of legacy warranty costs and claims from completed LSTK projects. In July 2019, the Company decided to cease bidding on new LSTK construction contracts.

**Capital** is AtkinsRéalis' investment, financing and asset management arm, responsible for developing projects, arranging financing, investing equity, undertaking complex financial modeling and managing its infrastructure investments for optimal returns. Its activities are principally concentrated in infrastructure such as bridges, highways, mass transit systems, power facilities, energy infrastructure, water treatment plants and social infrastructure (e.g. hospitals). The Capital segment includes AtkinsRéalis' 20% ownership interest in and management of SNC-Lavalin Infrastructure Partners LP.

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## 3. SEGMENT DISCLOSURES (CONTINUED)

The following table presents revenues and Segment Adjusted EBIT for each of the Company's segments for the three-month periods ended March 31, 2024 and 2023:

| THREE MONTHS ENDED MARCH 31 | 2024 | | 2023 [1] | |
|---|---|---|---|---|
| | REVENUES | SEGMENT ADJUSTED EBIT | REVENUES | SEGMENT ADJUSTED EBIT |
| Canada | **$ 370,865** | **$ 15,949** | $ 300,554 | $ 9,250 |
| UKI | **606,967** | **61,047** | 594,660 | 57,668 |
| USLA | **415,778** | **39,274** | 367,811 | 39,586 |
| AMEA | **325,429** | **29,703** | 207,044 | 16,367 |
| **Engineering Services Regions** | **1,719,039** | **145,973** | 1,470,069 | 122,871 |
| Nuclear | **298,564** | **38,968** | 244,292 | 32,679 |
| Linxon | **158,824** | **1,840** | 121,545 | 799 |
| **AtkinsRéalis Services** | **2,176,427** | **186,781** | 1,835,906 | 156,349 |
| LSTK Projects | **81,301** | **(13,040)** | 170,823 | (9,170) |
| Capital | **6,560** | **1,131** | 16,349 | 11,647 |
| | **$ 2,264,288** | | $ 2,023,078 | |
| **Segment Adjusted EBIT — Total** | | **174,872** | | 158,826 |
| Corporate selling, general and administrative expenses not allocated to the segments — PS&PM (Note 4) | | **(39,869)** | | (29,248) |
| Corporate selling, general and administrative expenses not allocated to the segments — Capital (Note 4) | | **(7,049)** | | (7,049) |
| Restructuring and transformation costs (Note 15) | | **(4,565)** | | (14,511) |
| Amortization of intangible assets related to business combinations | | **(20,917)** | | (20,553) |
| Acquisition-related costs and integration costs (Note 17) | | **(326)** | | — |
| **EBIT** | | **102,146** | | 87,465 |
| Net financial expenses (Note 6) | | **38,008** | | 47,412 |
| **Earnings before income taxes** | | **64,138** | | 40,053 |
| Income tax expense | | **17,586** | | 11,579 |
| **Net income for the period** | | **$ 46,552** | | $ 28,474 |

(1) Comparative figures have been restated (See Note 2C).

## 3. SEGMENT DISCLOSURES (CONTINUED)

The following table presents revenues by geographic area according to project location:

| THREE MONTHS ENDED MARCH 31 | | | **2024** | | | 2023 (1) |
|---|---|---|---|---|---|---|
| | REVENUE FROM CONTRACTS WITH CUSTOMERS | OTHER REVENUE | TOTAL | REVENUE FROM CONTRACTS WITH CUSTOMERS | OTHER REVENUE | TOTAL |
| United Kingdom | **$ 699,198** | **$ 2,720** | **$ 701,918** | $ 639,946 | $ 919 | $ 640,865 |
| Canada (2) | **551,111** | **8,833** | **559,944** | 561,156 | 7,871 | 569,027 |
| United States | **420,124** | **7,499** | **427,623** | 381,281 | 5,761 | 387,042 |
| Saudi Arabia (3) | **269,765** | **55** | **269,820** | 140,971 | 69 | 141,040 |
| Other countries (3) | **313,209** | **(8,226)** | **304,983** | 282,053 | 3,051 | 285,104 |
| | **$ 2,253,407** | **$ 10,881** | **$ 2,264,288** | $ 2,005,407 | $ 17,671 | $ 2,023,078 |

(1) Effective October 1, 2023, the Company modified the presentation of its revenues by geographic area by combining the following geographic areas “Latin America”, “Europe – Other”, “Africa” and “Asia Pacific” into the geographic area “Other countries”. The Company has restated the comparative figures accordingly.

(2) Revenues from Canada, as determined by geographic area, do not correspond to revenues from the Canada segment, part of Engineering Services Regions, as the latter excludes revenues generated in Canada by other segments and includes revenues generated from contracts in Algeria managed by the Canadian leadership team.

(3) Effective January 1, 2024, the Company modified the presentation of its revenues by geographic area by presenting “Saudi Arabia” as a separate line item from the geographic area “Middle East”, which was combined into the geographic area “Other countries”. The Company has restated the comparative figures accordingly.

For the three-month period ended March 31, 2024, the United Kingdom, Canada, the United States and Saudi Arabia (three-month period ended March 31, 2023: the United Kingdom, Canada and the United States) were the only countries where the Company derived more than 10% of its revenues.

## 3. SEGMENT DISCLOSURES (CONTINUED)

The following table presents revenues by type of contract:

| THREE MONTHS ENDED MARCH 31 | | | | 2024 | | | | 2023 [1] |
|---|---|---|---|---|---|---|---|---|
| | REIMBURSABLE AND ENGINEERING SERVICES CONTRACTS | STANDARDIZED EPC CONTRACTS | LSTK CONSTRUCTION CONTRACTS | TOTAL | REIMBURSABLE AND ENGINEERING SERVICES CONTRACTS | STANDARDIZED EPC CONTRACTS | LSTK CONSTRUCTION CONTRACTS | TOTAL |
| Canada | **$ 370,865** | **$ —** | **$ —** | **$ 370,865** | $ 300,555 | $ — | $ — | $ 300,555 |
| UKI | **604,247** | **—** | **—** | **604,247** | 593,741 | — | — | 593,741 |
| USLA | **415,778** | **—** | **—** | **415,778** | 367,851 | — | — | 367,851 |
| AMEA | **314,291** | **10,874** | **—** | **325,165** | 179,705 | 26,962 | — | 206,667 |
| Engineering Services Regions | **1,705,181** | **10,874** | **—** | **1,716,055** | 1,441,852 | 26,962 | — | 1,468,814 |
| Nuclear | **291,022** | **—** | **—** | **291,022** | 237,005 | — | 1,503 | 238,508 |
| Linxon | **357** | **158,467** | **—** | **158,824** | 298 | 121,247 | — | 121,545 |
| Revenue from contracts with customers – AtkinsRéalis Services | **1,996,560** | **169,341** | **—** | **2,165,901** | 1,679,155 | 148,209 | 1,503 | 1,828,867 |
| Revenue from contracts with customers – LSTK Projects | **—** | **—** | **81,301** | **81,301** | — | — | 170,823 | 170,823 |
| | **$ 1,996,560** | **$ 169,341** | **$ 81,301** | **$ 2,247,202** | $ 1,679,155 | $ 148,209 | $ 172,326 | $ 1,999,690 |
| Revenue from PS&PM investments accounted for by the equity method | | | | **10,526** | | | | 7,039 |
| Revenue from contracts with customers – Capital segment | | | | **6,205** | | | | 5,717 |
| Other revenue – Capital segment | | | | **355** | | | | 10,632 |
| | | | | **$ 2,264,288** | | | | $ 2,023,078 |

[1] Comparative figures have been restated (See Note 2C).

## 4. CORPORATE SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

| THREE MONTHS ENDED MARCH 31 | | 2024 | | 2023 |
|---|---|---|---|---|
| Corporate selling, general and administrative expenses before gain arising on financial instruments at fair value through profit or loss | $ | **51,944** | $ | 40,372 |
| Gain arising on financial instruments at fair value through profit or loss | | **(5,026)** | | (4,075) |
| **Corporate selling, general and administrative expenses** | **$** | **46,918** | $ | 36,297 |

## 5. CAPITAL INVESTMENTS

The Company makes investments in infrastructure concessions for public services such as bridges, highways, mass transit systems, power facilities, energy infrastructure, water treatment plants and social infrastructure (e.g. hospitals).

The main concessions and public-private partnerships contracts reported under IFRIC Interpretation 12, *Service Concession Arrangements*, are all accounted for under the financial asset model.

In order to provide the reader of the financial statements with a better understanding of the financial position and results of operations of its Capital investments, the Company presents certain distinct financial information related specifically to its Capital investments throughout its financial statements, as well as additional information below.

### A) VARIATIONS IN OWNERSHIP INTERESTS IN INVESTMENTS

**HEALTH MONTRÉAL COLLECTIVE LIMITED PARTNERSHIP ("HMC L.P.")**

In the first quarter of 2024, the Company acquired a 10% ownership interest in HMC L.P. through a business combination completed on March 4, 2024 (see Note 17).

The Company's investment in HMC L.P. is designated to be measured at fair value through other comprehensive income to avoid variability of the Company's net income in future periods.

For the three-month period ended March 31, 2024, the Company's consolidated income statement included dividends of $0.6 million from HMC L.P.

### B) FINANCIAL INFORMATION

<u>Statements of financial position</u>

The Company's consolidated statements of financial position include the following net assets from its consolidated Capital investments and net book value from its Capital investments accounted for by the equity method and at fair value through other comprehensive income.

| | | MARCH 31 2024 | | DECEMBER 31 2023 |
|---|---|---|---|---|
| Net assets from Capital investments accounted for by the consolidation method | **$** | **271,258** | $ | 268,722 |
| Net book value of Capital investments accounted for by the equity method [(1)] | | **385,280** | | 389,256 |
| Net book value of a Capital investment at fair value through other comprehensive income [(2)] | | **4,872** | | — |
| | **$** | **661,410** | $ | 657,978 |

(1) Includes the Company's investment in 407 International Inc., for which the net book value was nil as at March 31, 2024 and December 31, 2023.

(2) Includes the Company's investment in HMC L.P., for which the net book value was included in "Other non-current financial assets" as at March 31, 2024.

## 5. CAPITAL INVESTMENTS (CONTINUED)

Income statements

The Company's consolidated income statements include the following revenues and expenses from its Capital investments.

| THREE MONTHS ENDED MARCH 31 | | 2024 | | 2023 |
|---|---|---|---|---|
| Revenues from Capital | $ | **6,560** | $ | 16,349 |
| Direct cost of activities | | **5,429** | | 4,702 |
| | | **1,131** | | 11,647 |
| Corporate selling, general and administrative expenses not allocated to the segments — Capital | | **7,049** | | 7,049 |
| **EBIT** | | **(5,918)** | | 4,598 |
| Net financial expenses | | **1,498** | | 1,669 |
| **Earnings (loss) before income taxes** | | **(7,416)** | | 2,929 |
| Income taxes | | **274** | | 510 |
| **Net income (loss) for the period** | $ | **(7,690)** | $ | 2,419 |

## 6. NET FINANCIAL EXPENSES

| THREE MONTHS ENDED MARCH 31 | | 2024 | | 2023 |
|---|---|---|---|---|
| Interest on debt: | | | | |
| Recourse | $ | **21,587** | $ | 23,182 |
| Limited recourse | | **8,980** | | 7,760 |
| Non-recourse | | **2,597** | | 3,332 |
| Interest on lease liabilities | | **5,058** | | 6,095 |
| Other | | **6,354** | | 6,445 |
| **Financial expenses** | | **44,576** | | 46,814 |
| Financial income | | **(4,490)** | | (3,538) |
| Net foreign exchange losses (gains) | | **(2,078)** | | 4,136 |
| **Financial income and net foreign exchange losses (gains)** | | **(6,568)** | | 598 |
| **Net financial expenses** | $ | **38,008** | $ | 47,412 |

## 7. DIVIDENDS

During the three-month period ended March 31, 2024, the Company recognized as distributions to its equity shareholders dividends of $3.5 million or $0.02 per share (three-month period ended March 31, 2023: $3.5 million or $0.02 per share).

| THREE MONTHS ENDED MARCH 31 | | 2024 | | 2023 |
|---|---|---|---|---|
| Dividends payable at January 1 | $ | **—** | $ | — |
| Dividends declared during the period | | **3,511** | | 3,511 |
| Dividends paid during the period | | **(3,511)** | | (3,511) |
| **Dividends payable at March 31** | $ | **—** | $ | — |

## 8. REPURCHASE OF SHARES FOR CANCELLATION

In the first quarter of 2024, the Company announced that it had received the required approval of the Toronto Stock Exchange to proceed with its normal course issuer bid renewal to purchase, for cancellation, up to 1,500,000 of its common shares commencing March 8, 2024 and ending March 7, 2025. In 2023, the number of common shares subject to the issuer bid was also 1,500,000 common shares.

For the three-month period ended March 31, 2024, the Company repurchased and cancelled 53,640 common shares under its current authorized normal course issuer bid resulting in cash outflows of $2.9 million.

# 9. COMPONENTS OF OTHER COMPREHENSIVE INCOME

The Company has the following elements, net of income taxes, within its other components of equity at March 31, 2024 and December 31, 2023:

| | | MARCH 31 2024 | | DECEMBER 31 2023 |
|---|---|---|---|---|
| Exchange differences on translating foreign operations | $ | **(240,199)** | $ | (297,460) |
| Cash flow hedges | | **4,668** | | 3,928 |
| **Other components of equity** | $ | **(235,531)** | $ | (293,532) |

- The exchange differences on translating foreign operations component represents exchange differences relating to the translation from the functional currencies of the Company's foreign operations into Canadian dollars. On disposal of a foreign operation, the cumulative translation differences are reclassified to net income as part of the gain or loss on disposal. Exchange differences also include gains and losses on hedging instruments, if any, relating to the effective portion of hedges of net investments of foreign operations, which are reclassified to net income on the disposal of the foreign operation.
- The cash flow hedges component represents hedging gains and losses recognized on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognized in net income when the hedged transaction impacts net income, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

## A) ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME

The following table provides a reconciliation of each element of other components of equity for the first quarters ended March 31, 2024 and 2023:

| THREE MONTHS ENDED MARCH 31 | | 2024 | | 2023 |
|---|---|---|---|---|
| Exchange differences on translating foreign operations: | | | | |
| Balance at beginning of the period | $ | **(297,460)** | $ | (335,279) |
| Current period gains | | **60,715** | | 55,333 |
| Net investment hedge – current period losses | | **(3,981)** | | (5,661) |
| Income taxes relating to current period losses | | **527** | | 751 |
| Balance at end of the period | | **(240,199)** | | (284,856) |
| Cash flow hedges: | | | | |
| Balance at beginning of the period | | **3,928** | | (4,876) |
| Current period gains | | **17,941** | | 12,018 |
| Income taxes relating to current period gains | | **(4,827)** | | (3,198) |
| Reclassification to net income | | **(15,318)** | | (7,730) |
| Income taxes relating to amounts reclassified to net income | | **2,944** | | 1,866 |
| Balance at end of the period | | **4,668** | | (1,920) |
| **Other components of equity** | $ | **(235,531)** | $ | (286,776) |

## 9. COMPONENTS OF OTHER COMPREHENSIVE INCOME (CONTINUED)

### B) ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME

*Remeasurement recognized in other comprehensive income*

The following table presents changes in the cumulative amount of remeasurement gains (losses) recognized in other comprehensive income relating to defined benefit pension plans and other post-employment benefits for the first quarters ended March 31, 2024 and 2023:

| THREE MONTHS ENDED MARCH 31 | **2024** | | | 2023 | | |
|---|---|---|---|---|---|---|
| | BEFORE TAX | INCOME TAX | NET OF TAX | BEFORE TAX | INCOME TAX | NET OF TAX |
| Cumulative amount at beginning of the period | **$ 136,920** | **$ (24,005)** | **$ 112,915** | $ 174,535 | $ (31,148) | $ 143,387 |
| Gains recognized during the period | **21,114** | **(5,340)** | **15,774** | 35,168 | (8,931) | 26,237 |
| **Cumulative amount at end of the period** | **$ 158,034** | **$ (29,345)** | **$ 128,689** | $ 209,703 | $ (40,079) | $ 169,624 |

*Equity instruments designated at fair value through other comprehensive income*

The following table presents changes in fair value of the equity instruments designated at fair value through other comprehensive income for the first quarters ended March 31, 2024 and 2023:

| THREE MONTHS ENDED MARCH 31 | **2024** | | | 2023 | | |
|---|---|---|---|---|---|---|
| | BEFORE TAX | INCOME TAX | NET OF TAX | BEFORE TAX | INCOME TAX | NET OF TAX |
| Cumulative amount at beginning of the period | **$ (1,973)** | **$ (150)** | **$ (2,123)** | $ (1,973) | $ (150) | $ (2,123) |
| Loss recognized during the period | **(66)** | **—** | **(66)** | — | — | — |
| **Cumulative amount at end of the period** | **$ (2,039)** | **$ (150)** | **$ (2,189)** | $ (1,973) | $ (150) | $ (2,123) |

## 10. STATEMENTS OF CASH FLOWS

### A) DEPRECIATION AND AMORTIZATION

The following table presents the items composing “Depreciation and amortization” for the first quarters ended March 31, 2024 and 2023:

| THREE MONTHS ENDED MARCH 31 | **2024** | 2023 |
|---|---|---|
| Property and equipment | **$ 23,186** | $ 20,950 |
| Intangible assets related to business combinations | **20,917** | 20,553 |
| Right-of-use assets | **17,621** | 17,069 |
| Other | **164** | — |
| **Total** | **$ 61,888** | $ 58,572 |

The depreciation and amortization charge was presented in the Company’s income statements in the following lines for the first quarters ended March 31, 2024 and 2023:

| THREE MONTHS ENDED MARCH 31 | **2024** | 2023 |
|---|---|---|
| Direct costs of activities | **$ 39,871** | $ 36,731 |
| Corporate selling, general and administrative expenses | **1,100** | 1,288 |
| Amortization of intangible assets related to business combinations | **20,917** | 20,553 |
| **Total** | **$ 61,888** | $ 58,572 |

## 10. STATEMENTS OF CASH FLOWS (CONTINUED)

### B) OTHER RECONCILING ITEMS

The following table presents the other reconciling items related to operating activities presented in the statements of cash flows for the first quarters ended March 31, 2024 and 2023:

| THREE MONTHS ENDED MARCH 31 | 2024 | 2023 |
|---|---|---|
| Income taxes recognized in net income | **$ 17,586** | $ 11,579 |
| Net financial expenses recognized in net income (Note 6) | **38,008** | 47,412 |
| Expense recognized in respect of cash-settled share-based payment arrangements | **47,536** | 19,424 |
| Expense recognized in respect of stock options | **395** | 149 |
| Loss (income) from Capital investments accounted for by the equity method | **2,527** | (8,716) |
| Dividends and distributions received from Capital investments accounted for by the equity method | **3,065** | 8,064 |
| Income from PS&PM investments accounted for by the equity method | **(10,526)** | (7,039) |
| Dividends and distributions received from PS&PM investments accounted for by the equity method | **3,021** | 16,374 |
| Net change in provisions related to forecasted losses on certain contracts | **(7,154)** | (16,883) |
| Restructuring and transformation costs recognized in net income (Note 15) | **4,565** | 14,511 |
| Restructuring and transformation costs paid | **(15,579)** | (18,867) |
| Gain arising on financial instruments at fair value through profit or loss (Note 4) | **(5,026)** | (4,075) |
| Net change in other provisions [1] | **(28,083)** | (3,426) |
| Other | **18,367** | 5,483 |
| **Other reconciling items** | **$ 68,702** | $ 63,990 |

(1) Net change in other provisions includes changes in all provisions, except for: i) pension, other long-term benefits and other post-employment benefits, which change is included in "Other"; ii) forecasted losses on certain contracts, which change is separately presented in the table above; and iii) restructuring, which change is separately presented in the table above.

### C) NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

The following table presents the net change in non-cash working capital items related to operating activities presented in the statements of cash flows for the first quarters ended March 31, 2024 and 2023:

| THREE MONTHS ENDED MARCH 31 | 2024 | 2023 [2] |
|---|---|---|
| Decrease (increase) in trade receivables | **$ 36,256** | $ (2,937) |
| Increase in contract assets | **(99,260)** | (266,341) |
| Decrease (increase) in other current financial assets | **9,618** | (9,778) |
| Increase in other current non-financial assets | **(38,778)** | (28,283) |
| Increase in trade payables and accrued liabilities | **110,922** | 96,375 |
| Increase (decrease) in deferred revenues | **(21,238)** | 77,242 |
| Increase in other current financial liabilities | **4,277** | 1,540 |
| Decrease in other current non-financial liabilities | **(102,974)** | (13,539) |
| **Net change in non-cash working capital items** | **$ (101,177)** | $ (145,721) |

(2) Effective October 1, 2023, the Company modified the presentation of its statement of financial position by combining the line items "Inventories" and "Other current non-financial assets" into the line item "Other current non-financial assets". The Company has restated the comparative figures accordingly.

## 10. STATEMENTS OF CASH FLOWS (CONTINUED)

### D) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table provides a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities for the three-month period ended March 31, 2024:

| | DEBT [1] | LEASE LIABILITIES [2] |
|---|---|---|
| Balance at January 1, 2024 | **$ 1,982,631** | **$ 391,301** |
| Changes arising from cash flows: | | |
| Increase | **395,980** | **—** |
| Repayment | **(330,338)** | **(22,473)** |
| Total – changes arising from cash flows | **65,642** | **(22,473)** |
| Non-cash changes: | | |
| Effect of foreign currency exchange differences | **524** | **4,332** |
| Amortization of deferred financing costs and discounts and increase from the passage of time | **1,483** | **—** |
| Payable related to deferred financing costs | **(687)** | **—** |
| Reclassification of deferred financing costs to non-financial assets | **4,647** | **—** |
| Net increase of lease liabilities | **—** | **68,520** |
| **Balance at March 31, 2024** | **$ 2,054,240** | **$ 441,680** |

#### CHANGES ARISING FROM CASH FLOWS – RECOURSE DEBT AND NON-RECOURSE DEBT

| THREE MONTHS ENDED MARCH 31 | | 2024 | |
|---|---|---|---|
| | INCREASE OF DEBT | REPAYMENT OF DEBT | PAYMENT FOR DEBT ISSUE COSTS |
| Recourse debt: | | | |
| Revolving Facility | **$ —** | **$ (328,565)** | **$ (1,315)** |
| Term Loan | **—** | **—** | **(375)** |
| Series 8 Debentures (Note 14) | **395,980** | **—** | **—** |
| **Total – Recourse debt** | **395,980** | **(328,565)** | **(1,690)** |
| Non-recourse debt: | | | |
| Credit facility – TransitNEXT General Partnership | **—** | **—** | **(83)** |
| **Total – Non-recourse debt** | **—** | **—** | **(83)** |
| **Total** | **$ 395,980** | **$ (328,565)** | **$ (1,773)** |

(1) Short-term debt and current portion of long-term debt and long-term debt were presented in the Company's consolidated statements of financial position as follows:

| | **MARCH 31 2024** | JANUARY 1 2024 |
|---|---|---|
| Short-term debt and current portion of long-term debt | **$ 464,015** | $ 463,289 |
| Long-term debt | **1,590,225** | 1,519,342 |
| **Total** | **$ 2,054,240** | $ 1,982,631 |

(2) Lease liabilities were presented in the Company's consolidated statements of financial position as follows:

| | **MARCH 31 2024** | JANUARY 1 2024 |
|---|---|---|
| Current portion of lease liabilities | **$ 76,073** | $ 74,887 |
| Non-current portion of lease liabilities | **365,607** | 316,414 |
| **Total** | **$ 441,680** | $ 391,301 |

## 10. STATEMENTS OF CASH FLOWS (CONTINUED)

The following table provides a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities for the three-month period ended March 31, 2023:

| | DEBT [1] | LEASE LIABILITIES [3] |
|---|---|---|
| Balance at January 1, 2023 | $ 2,056,397 | $ 436,285 |
| Changes arising from cash flows: | | |
| Increase | 335,290 | — |
| Repayment | (222,970) | (19,927) |
| Total – changes arising from cash flows | 112,320 | (19,927) |
| Non-cash changes: | | |
| Effect of foreign currency exchange differences | 2,883 | 5,860 |
| Amortization of deferred financing costs and discounts and increase from the passage of time | 2,322 | — |
| Net increase of lease liabilities | — | 9,899 |
| Balance at March 31, 2023 | $ 2,173,922 | $ 432,117 |

### CHANGES ARISING FROM CASH FLOWS – RECOURSE DEBT AND NON-RECOURSE DEBT

| THREE MONTHS ENDED MARCH 31 | 2023 | | |
|---|---|---|---|
| | INCREASE OF DEBT | REPAYMENT OF DEBT | PAYMENT FOR DEBT ISSUE COSTS |
| Recourse debt: | | | |
| Revolving Facility | $ 335,290 | $ — | $ — |
| Series 7 Debentures | — | — | (415) |
| Series 4 Debentures | — | (200,000) | — |
| **Total – Recourse debt** | 335,290 | (200,000) | (415) |
| Non-recourse debt: | | | |
| Senior Secured Notes of a PS&PM investment | — | (22,970) | — |
| **Total – Non-recourse debt** | — | (22,970) | — |
| **Total** | $ 335,290 | $ (222,970) | $ (415) |

(1) Short-term debt and current portion of long-term debt and long-term debt were presented in the Company's consolidated statements of financial position as follows:

| | MARCH 31 2023 [2] | JANUARY 1 2023 [2] |
|---|---|---|
| Short-term debt and current portion of long-term debt | $ 164,360 | $ 370,947 |
| Long-term debt | 2,009,562 | 1,685,450 |
| **Total** | $ 2,173,922 | $ 2,056,397 |

(2) Effective October 1, 2023, the Company modified the presentation of its statement of financial position, which resulted in combining the line items "Recourse short-term debt and current portion of long-term debt" and "Non-recourse short-term debt and current portion of long-term debt" into the line item "Short-term debt and current portion of long-term debt", and "Recourse long-term debt", "Limited recourse long-term debt" and "Non-recourse long-term debt" into the line item "Long-term debt". Also, effective January 1, 2024, the Company reclassified the carrying amount of its Revolving Facility out of "Short-term debt" to "Long-term debt" (see Note 2B). The Company has restated the comparative figures accordingly.

(3) Lease liabilities were presented in the Company's consolidated statements of financial position as follows:

| | MARCH 31 2023 | JANUARY 1 2023 |
|---|---|---|
| Current portion of lease liabilities | $ 83,996 | $ 87,625 |
| Non-current portion of lease liabilities | 348,121 | 348,660 |
| **Total** | $ 432,117 | $ 436,285 |

## 11. RELATED PARTY TRANSACTIONS

In the normal course of its operations, AtkinsRéalis enters into transactions with certain of its associates and joint ventures, mainly its Capital investments. Investments in which AtkinsRéalis has significant influence or joint control, which are accounted for by the equity method, are considered related parties.

For the three-month periods ended March 31, 2024 and 2023, the Company recognized the following transactions with its related parties:

| THREE MONTHS ENDED MARCH 31 | | **2024** | | 2023 |
|---|---|---|---|---|
| PS&PM revenue from contracts with investments accounted for by the equity method | **$** | **82,758** | $ | 110,289 |
| Income (loss) from Capital investments accounted for by the equity method | | **(2,527)** | | 8,716 |
| Dividends and distributions received from Capital investments accounted for by the equity method | | **3,065** | | 8,064 |
| Income from PS&PM investments accounted for by the equity method | | **10,526** | | 7,039 |
| Dividends and distributions received from PS&PM investments accounted for by the equity method | **$** | **3,021** | $ | 16,374 |

As at March 31, 2024 and December 31, 2023, the Company had the following balances with its related parties:

| | | **MARCH 31 2024** | | DECEMBER 31 2023 |
|---|---|---|---|---|
| Trade receivables from investments accounted for by the equity method | **$** | **183,561** | $ | 161,001 |
| Retentions on client contracts from investments accounted for by the equity method [(1)] | | **116,069** | | 115,646 |
| Remaining commitment to invest in Capital investments accounted for by the equity method [(2)] | | **24,921** | | 24,921 |
| Dividends and distributions receivable from Capital investments accounted for by the equity method [(3)] | **$** | **641** | $ | 1,781 |

(1) Included in “Contract assets” or “Deferred revenues” in the statements of financial position

(2) Included in “Other current financial liabilities” in the statements of financial position

(3) Included in “Other current financial assets” in the statements of financial position

All of these related party transactions are measured at fair value.

## 12. FINANCIAL INSTRUMENTS

### A) CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables present the carrying value of AtkinsRéalis' financial assets as at March 31, 2024 and December 31, 2023 by category and classification, with the corresponding fair value, when available.

| AT MARCH 31 | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | CARRYING VALUE OF FINANCIAL ASSETS BY CATEGORY | | | | | |
| | FVTPL [1] | FVTOCI [2] | AMORTIZED COST | DERIVATIVES USED FOR HEDGES | TOTAL | FAIR VALUE |
| Cash and cash equivalents | **$ 557,750** | **$ —** | **$ —** | **$ —** | **$ 557,750** | **$ 557,750** |
| Restricted cash | **3,889** | **—** | **—** | **—** | **3,889** | **3,889** |
| Trade receivables [3] | **—** | **—** | **1,474,807** | **—** | **1,474,807** | **1,474,807** |
| Other current financial assets | **7,370** | **—** | **211,001** | **25,663** | **244,034** | **237,581** |
| Non-current portion of receivables under service concession arrangements [4] | **—** | **—** | **400,034** | **—** | **400,034** | **359,838** |
| Other non-current financial assets [4] | **—** | **4,872** | **36,817** | **15,623** | **57,312** | **57,312** |
| **Total** | **$ 569,009** | **$ 4,872** | **$ 2,122,659** | **$ 41,286** | **$ 2,737,826** | |

| AT DECEMBER 31 | 2023 | | | | |
|---|---|---|---|---|---|
| | CARRYING VALUE OF FINANCIAL ASSETS BY CATEGORY | | | | |
| | FVTPL [1] | AMORTIZED COST | DERIVATIVES USED FOR HEDGES | TOTAL | FAIR VALUE |
| Cash and cash equivalents | $ 473,563 | $ — | $ — | $ 473,563 | $ 473,563 |
| Restricted cash | 5,930 | — | — | 5,930 | 5,930 |
| Trade receivables [3] | — | 1,488,772 | — | 1,488,772 | 1,488,772 |
| Other current financial assets | 7,136 | 221,123 | 33,213 | 261,472 | 255,687 |
| Non-current portion of receivables under service concession arrangements [4] | — | 398,436 | — | 398,436 | 364,071 |
| Other non-current financial assets [4] | — | 21,014 | 18,035 | 39,049 | 39,049 |
| **Total** | $ 486,629 | $ 2,129,345 | $ 51,248 | $ 2,667,222 | |

(1) Fair value through profit or loss ("FVTPL")

(2) Fair value through other comprehensive income ("FVTOCI")

(3) Due to the short-term nature of trade receivables, their carrying amount is considered to be a reasonable approximation of their fair value.

(4) For receivables under service concession arrangements and most of the other non-current financial assets other than at fair value, the Company uses the present value technique to determine the fair value.

## 12. FINANCIAL INSTRUMENTS (CONTINUED)

The following tables present the carrying value of AtkinsRéalis' financial liabilities as at March 31, 2024 and December 31, 2023 by category and classification, with the corresponding fair value, when available.

| AT MARCH 31 | 2024 | | | | |
|---|---|---|---|---|---|
| | CARRYING VALUE OF FINANCIAL LIABILITIES BY CATEGORY | | | | |
| | DERIVATIVES USED FOR HEDGES | FVTPL [1] | AMORTIZED COST | TOTAL | FAIR VALUE |
| Trade payables and accrued liabilities [2] | **$ —** | **$ —** | **$ 1,977,255** | **$ 1,977,255** | **$ 1,977,255** |
| Other current financial liabilities [2] | **12,747** | **—** | **270,532** | **283,279** | **283,258** |
| Provisions [2] | **—** | **—** | **15,264** | **15,264** | **15,264** |
| Lease liabilities | **—** | **—** | **441,680** | **441,680** | **N/A** [3] |
| Short-term debt and long-term debt [4] | **—** | **—** | **2,054,240** | **2,054,240** | **2,072,683** |
| Other non-current financial liabilities | **1,841** | **14,634** | **3,403** | **19,878** | **19,878** |
| **Total** | **$ 14,588** | **$ 14,634** | **$ 4,762,374** | **$ 4,791,596** | |

| AT DECEMBER 31 | 2023 | | | | |
|---|---|---|---|---|---|
| | CARRYING VALUE OF FINANCIAL LIABILITIES BY CATEGORY | | | | |
| | DERIVATIVES USED FOR HEDGES | FVTPL [1] | AMORTIZED COST | TOTAL | FAIR VALUE |
| Trade payables and accrued liabilities [2] | $ — | $ — | $ 1,825,916 | $ 1,825,916 | $ 1,825,916 |
| Other current financial liabilities [2] | 20,546 | — | 259,271 | 279,817 | 279,493 |
| Provisions [2] | — | — | 24,354 | 24,354 | 24,354 |
| Lease liabilities | — | — | 391,301 | 391,301 | N/A [3] |
| Short-term debt and long-term debt [4] | — | — | 1,982,631 | 1,982,631 | 1,991,051 |
| Other non-current financial liabilities | 2,724 | 14,326 | 7,526 | 24,576 | 24,576 |
| **Total** | $ 23,270 | $ 14,326 | $ 4,490,999 | $ 4,528,595 | |

(1) Fair value through profit or loss ("FVTPL")

(2) Due to the short-term nature of trade payables and accrued liabilities, other current financial liabilities (other than those already at fair value) and provisions, their carrying amount is considered to be a reasonable approximation of their fair value, except for the current portion of the interest-free payable related to the federal charges settlement (PPSC) and DPCP Remediation Agreement included in "Other current financial liabilities".

(3) N/A: not applicable

(4) The fair value of short-term debt and long-term debt was determined using public quotations or the discounted cash flows method in accordance with current financing arrangements. The discount rates used correspond to prevailing market rates offered to AtkinsRéalis or to the Capital investments, depending on which entity has issued the debt instrument, for debt with similar terms and conditions.

For the three-month periods ended March 31, 2024 and 2023, there were no changes in valuation techniques and in inputs used in the fair value measurements and there were no transfers between the levels of the fair value hierarchy.

### B) LEVEL 3 FINANCIAL INSTRUMENTS

The following table presents changes in fair value of Level 3 financial instruments for the three-month period ended March 31, 2024:

| | CONTINGENT CONSIDERATION RECEIVABLE FROM THE ACQUIRER OF THE 10.01% INTEREST IN HIGHWAY 407 ETR | CONTINGENT CONSIDERATION PAYABLE TO SELLER RELATED TO LINXON ACQUISITION |
|---|---|---|
| Balance as at January 1, 2024 | **$ —** | **$ 14,326** |
| Unrealized net loss [5] | **—** | **25** |
| Effect of foreign currency exchange differences | **—** | **283** |
| **Balance as at March 31, 2024** | **$ —** | **$ 14,634** |

(5) Included in "Corporate selling, general and administrative expenses" in the consolidated income statement

No reasonable change in the principal assumptions used in the valuation would result in a significant change in the estimated fair value of Level 3 financial instruments.

# 12. FINANCIAL INSTRUMENTS (CONTINUED)

## C) INTEREST RATE SWAPS

In the first quarter of 2023, the Company entered into an interest rate swap agreement with a financial institution related to its unsecured non-revolving variable interest bearing term loan in the aggregate principal amount of $500 million (the "Term Loan"). Under this interest rate swap agreement, the Company pays interest at a fixed rate and receives interest at a variable rate on a total notional amount of $125 million. This interest rate swap agreement is similar to agreements related to the Term Loan entered into in the third quarter of 2022 for a notional amount of $250 million. All these interest rate swap agreements will expire in April 2025 and are subject to hedge accounting as being part of cash flow hedges.

# 13. CONTINGENT LIABILITIES

Class actions

*Ruediger Class Action*

On February 6, 2019, a Motion for authorization of a class action and for authorization to bring an action against the Company and certain of its directors and officers (collectively, the "Ruediger Defendants") pursuant to section 225.4 of the *Securities Act* (Québec) (the "Ruediger Class Action") was filed with the Superior Court of Québec, on behalf of persons who acquired the Company's securities from February 22, 2018 through January 27, 2019 (the "Ruediger Class Period") and held some or all of such securities as of the commencement of trading on January 28, 2019.

The Ruediger Class Action alleges that certain documents filed by the Company and oral statements made by its then Chief Executive Officer during the Ruediger Class Period contained misrepresentations related to the Company's revenue forecasts and to the financial performance of the former Mining & Metallurgy segment and the former Oil & Gas segment, which misrepresentations would have been corrected by way of the Company's January 28, 2019 press release.

The Ruediger Class Action seeks leave from the Québec Superior Court to bring a statutory misrepresentation claim under the *Securities Act* (Québec). The plaintiff in the proposed action claims damages and seeks the condemnation of the Ruediger Defendants to pay the class members an unspecified amount for compensatory damages with interest and additional indemnity as well as full costs and expenses, including expert fees, notice fees and fees relating to administering the plan of distribution.

On October 15, 2019, the plaintiffs in the Ruediger Class Action delivered an amended "Motion for authorization of a class action and for authorization to bring an action pursuant to section 225.4 of Québec's Securities Act". The amendments extend the Ruediger Class Period to July 22, 2019 and broaden the scope of the claim to include, among other things, disclosure alleged to have been made regarding the Company's ability to execute certain fixed price contracts.

On October 20, 2021, a class action in the Ontario Superior Court of Justice pertaining to facts similar to those in the Ruediger Class Action (the "Drywall Class Action") was dismissed and the claimants in the Drywall Class Action were consequently entitled to have their claims included in the Ruediger Class Action.

The authorization hearing on the amended Ruediger Class Action occurred in April 2022 and, on October 11, 2022, the Québec Superior Court ruled dismissing the Ruediger Class Action, as amended, on all grounds. On November 18, 2022, the plaintiffs appealed the ruling to the Québec Court of Appeal. The appeal was heard on January 17, 2024 and the Québec Court of Appeal rendered its judgment on March 8, 2024 dismissing the appeal. On May 6, 2024, the plaintiffs filed their application for leave to appeal to the Supreme Court of Canada.

The Company believes that the claims outlined in the Ruediger Class Action are, in each case, entirely without merit and is vigorously defending these claims. Due to the inherent uncertainties of litigation, it is not possible to predict the final outcomes of the Ruediger Class Action or to determine the amount of any potential losses resulting therefrom, if any, and the Company may, in the future, be subject to further class action lawsuits or other litigation. The Company has directors' and officers' liability insurance insuring individuals against liability for acts or omissions in their capacity as directors and officers, and the Company itself has coverage for such claims. The amount of coverage under the directors' and officers' policy is limited and such coverage may be less than any amounts the Company is required or determines to pay in connection with these proceedings. If the Company is required or determines to pay an amount in connection with the Ruediger Class Action, such amount could have a material adverse effect on the Company's liquidity and financial results.

# 13. CONTINGENT LIABILITIES (CONTINUED)

*Peters Class Action*

On February 25, 2019, a Notice of action was issued with the Ontario Superior Court of Justice by a proposed representative plaintiff, Mr. John Peters, on behalf of persons who acquired the Company securities from September 4, 2018 through October 10, 2018. On March 25, 2019, a Statement of Claim was filed with the Ontario Superior Court of Justice with respect to the claims set out in the Notice of Action (together, the Notice of Action and the Statement of Claim are referred to as the "Peters Class Action").

The Peters Class Action alleged that the defendants, including the Company, the then chair of its Board of Directors and certain of its then officers, failed to make timely disclosure of a material change in the business, operations or capital of the Company, by failing to disclose that on September 4, 2018, the Director of the Public Prosecution Service of Canada communicated her decision to the Company not to award an opportunity to negotiate a remediation agreement.

The Peters Class Action sought leave from the Ontario Superior Court of Justice to bring a statutory misrepresentation claim under the *Securities Act* (Ontario) and the comparable securities legislation in other provinces and asserted a claim for common law negligent misrepresentation. The Peters Class Action claimed damages in the sum of $75 million or such other amount as the Superior Court may determine plus interest and costs.

On March 5, 2020, the plaintiff in the Peters Class Action brought a motion for leave and certification of the Peters Class Action. The leave and certification hearing was held between June 1 and June 3, 2021 and, on July 16, 2021, the court dismissed the Peters Class Action. The Plaintiff appealed the ruling and the appeal hearing was held on November 8, 2022. The Court of Appeal rendered its judgment on May 24, 2023 dismissing the appeal. The Plaintiff did not seek leave to appeal to the Supreme Court of Canada within the prescribed deadline of August 2023. Nonetheless, on April 12, 2024, the plaintiff filed a request for leave to appeal to the Supreme Court of Canada.

Pyrrhotite case

On June 12, 2014, the Québec Superior Court rendered a decision in "Wave 1" of the matter commonly referred to as the "Pyrrhotite Case" in Trois-Rivières, Québec and in which the Company was one of numerous defendants. The Québec Superior Court ruled in favour of the plaintiffs, awarding an aggregate amount of approximately $168 million in damages apportioned amongst the then-known defendants, on a solidary (in solidum) basis (the "Wave 1 claims"). The Québec Superior Court ruled that the Company's share of the damages award was approximately 70%. The Company's external insurers disputed the extent of the insurance coverage available to the Company and this dispute was included in the Pyrrhotite Case. The Company, among other parties, appealed the Québec Superior Court's ruling and, on April 6, 2020, the Québec Court of Appeal rendered its decision dismissing most of the appeals filed by all parties and upheld: (i) the Québec Superior Court's ruling regarding the Company's approximate 70% share of liability; and (ii) the solidary nature of the defendants' liability. In a further ruling, on June 12, 2020, the Québec Court of Appeal confirmed the Company's allocated share of the damages, inclusive of interest and costs at approximately $200 million, and the Company paid this amount of damages awarded to the plaintiffs on August 3, 2020. The Company filed a notice seeking leave to appeal to the Supreme Court of Canada.

The Québec Court of Appeal also dismissed an appeal from the Company's external insurers and confirmed that multiple insurance policy towers were triggered by the Wave 1 claims, resulting in multiple years of coverage. The Company's external insurers filed notices seeking leave to appeal to the Supreme Court of Canada.

On May 6, 2021, the Supreme Court of Canada dismissed both the Company's and its external insurers' applications seeking leave to appeal.

Given that the Company's external insurers initially refused to comply with terms contained in the relevant policies of insurance and the orders of the Québec Superior Court and the Québec Court of Appeal requiring them to pay a substantial portion of the $200 million damages award, the Company filed an application with the Québec Superior Court seeking an order requiring the Company's external insurers to comply with the Québec Court of Appeal's order and facilitate execution of the $200 million damages award by way of the multiple towers of insurance. On October 16, 2020, the Québec Superior Court ruled in favour of the Company ordering the Company's external insurers to pay the Company approximately $141 million, which was fully collected. An additional $33 million in insurance proceeds was also collected by the Company through a reinsurance policy which was not subject to this court ruling.

## 13. CONTINGENT LIABILITIES (CONTINUED)

The Company filed a recourse in warranty claim against Lafarge Canada Inc. (“Lafarge”) seeking its contribution to the damages awarded against the Company in the Wave 1 judgment. The trial commenced in March 2019 and concluded in 2020. On February 4, 2021, the Québec Superior Court dismissed the Company’s claim and the Company appealed the Québec Superior Court’s ruling to the Québec Court of Appeal. The appeal was heard between November 8 and 10, 2022 and, on July 14, 2023, the Court of Appeal upheld the first instance decision. The Company filed its application for leave to appeal this decision to the Supreme Court of Canada on September 29, 2023. A decision on leave is not expected before the second half of 2024.

In parallel to the Wave 1 claims, notices of additional potential claims have been made and continue to be made against certain defendants, including the Company, in “Wave 2” of the Pyrrhotite Case. In April 2022, the parties, including most of the Company’s external insurers, reached a settlement concerning Wave 2 claims that relate to certain residential buildings. The Company’s portion of the settlement in capital and interest totaled $60.9 million, of which the uninsured portion was $25.7 million. On June 27, 2023, the court approved a settlement between the parties, including most of the Company’s external insurers, concerning various multi-apartment claims and certain commercial claims. The Company’s and its insurers’ portion of the settlement in capital, interest and fees totaled $17.6 million, of which the uninsured portion was $7.1 million. These settlements did not have an impact on the Company’s financial results as their outcomes were covered by the amounts previously provisioned for by the Company. The Company’s liability exposure for the remaining Wave 2 claims remains subject to several uncertainties. In addition, the Company has filed a separate recourse in warranty claim against Lafarge with respect to the Wave 2 claims.

Sainte-Marthe-sur-le-Lac Case

This case pertains to a class action authorized on April 18, 2023 brought against the City of Sainte-Marthe-sur-le-Lac (the “City”) and the Attorney General of Quebec seeking reparation for all the citizens of the City who were affected by floodings due to the breach of a surrounding dike. AECOM, the successor of the engineering firm Gendron, Lefebvre et Associés (“GLA”), is a defendant in warranty and has called AtkinsRéalis Canada Inc. in rear warranty. The Company’s involvement stems from the acquisition of Laboratoire de Béton Ltée (“LDB”), a subcontractor to GLA between 1979 and 1982. Although LDB’s exact role remains to be defined, it is alleged that it was responsible for the quality control of the materials and of the borrow pits from where the clay required in the construction process was extracted. Each member of the class action claims up to 350 thousand dollars. The actual number of members remains to be determined but is currently estimated at 1,000. There are also separate actions in respect of 16 individual files where the same defendants are named and where a total amount of $31.5 million is being claimed. These cases are under a special case management of one judge and are separate from the class action since under Québec law, plaintiffs have the option to join a class action or to opt out and file a separate action.

Australian Arbitration

One of the Company’s former subsidiaries, divested as part of the sale of the Company’s Oil & Gas business, had a 35% interest in a joint operation for a project that has been completed. The construction joint operation is in a dispute with the project owner over labour rates. Pursuant to the agreement to sell the Oil & Gas business, the Company has retained the divested subsidiary’s risk associated with, and conduct of, this dispute. Under the relevant project contract, the subsidiary is jointly and severally liable with the other joint operator vis-à-vis the project owner for performance and other liabilities. In December 2018, the joint operation received a split award of liability from an arbitration tribunal resulting in an adverse decision on certain aspects of the dispute. In August 2020, a hearing on residual legal issues occurred and, in September 2020, the tribunal ruled in favour of the joint operation. The ruling was challenged by the project owner and a court hearing occurred in June 2021 and, on September 28, 2021, the court found in favor of the project owner effectively reversing the September 2020 tribunal ruling. The joint operation appealed the September 2021 court ruling and the appeal hearing occurred in September 2022. On January 17, 2023, the court dismissed the joint operation’s appeal, and the joint operation then filed an application to the Australian High Court seeking leave to appeal the ruling. The High Court of Australia granted Special Leave to Appeal on November 17, 2023 and the appeal hearing occurred on April 16, 2024, with a decision likely to be rendered in the second half of 2024. The arbitration on quantum will likely resume in 2025.

General litigation risk

Due to the inherent uncertainties of litigation, it is not possible to (a) predict the final outcome of these and other related proceedings generally, (b) determine if the amount included in the Company’s provisions is sufficient, or (c) determine the amount of potential losses, if any, that may be incurred in connection with any final judgment on these matters.

## 13. CONTINGENT LIABILITIES (CONTINUED)

The Company maintains insurance coverage for various aspects of its business and operations. The Company's insurance programs have varying coverage limits and maximums, and insurance companies may deny claims the Company might make. In addition, the Company has elected to retain a portion of losses that may occur through the use of various deductibles, limits and retentions under these programs. As a result, the Company may be subject to future liability in respect of lawsuits or investigations for which it is only partially insured, or completely uninsured.

In addition, the nature of the Company's business sometimes results in clients, subcontractors and suppliers presenting claims for, among other things, recovery of costs related to certain projects. Similarly, the Company occasionally presents change orders and other claims to clients, subcontractors, and suppliers. If the Company fails to properly issue the change orders or other claims, or fails to document the nature of claims and change orders or is otherwise unsuccessful in negotiating reasonable settlements with clients, subcontractors and suppliers, the Company could incur cost overruns, reduced profits or, in some cases, a loss for a project. A failure to recover promptly on these types of claims could have a material adverse impact on the Company's liquidity and financial results. Additionally, irrespective of how well the Company documents the nature of its claims and change orders, the cost to prosecute and defend claims and change orders can be significant.

In addition, a number of project contracts have warranty periods and/or outstanding claims that may result in legal proceedings that extend beyond the actual performance and completion of the projects.

Litigation and regulatory proceedings are subject to inherent uncertainties and unfavourable rulings can and do occur. Pending or future claims against the Company could result in professional liability, product liability, criminal liability, warranty obligations, and other liabilities which, to the extent the Company is not insured against a loss or its insurer fails to provide coverage, could have a material adverse impact on the Company's business, financial condition and results of operations.

Jacques Cartier Bridge Criminal Charges (Canada)

On September 23, 2021, the Royal Canadian Mounted Police (the "RCMP"), represented by the Province of Québec's Directeur des Poursuites Criminelles et Pénales ("DPCP"), laid charges against the Company's subsidiary, SNC-Lavalin Inc. and its indirect subsidiary, SNC-Lavalin International Inc. Each entity was jointly charged (along with a former employee of the Company, Normand Morin) with the following counts: 1) forgery under Section 366 of the Criminal Code (Canada) (the "Criminal Code"), 2) fraud under Section 380 of the Criminal Code, and 3) fraud against the government under Section 121 of the Criminal Code. Each entity was charged with one count of conspiracy to commit the aforementioned crimes (the "Criminal Charges"). On the same date, the DPCP gave notice to SNC-Lavalin Inc. and SNC-Lavalin International Inc. of an invitation to negotiate a remediation agreement in accordance with Part XXII.1. of the Criminal Code with respect to the Criminal Charges, and on October 1, 2021, both entities formally accepted the invitation. These Criminal Charges follow the RCMP's formal investigation relating to alleged payments in connection with a 2002 contract for the refurbishment of the Jacques Cartier Bridge by a consortium which included SNC-Lavalin Inc. and which previously led to a guilty plea on certain criminal charges in 2017 by the former head of the Canada Federal Bridges Corporation. Another former employee of the Company, Kamal Francis, was also charged separately with similar offenses.

SNC-Lavalin Inc. and SNC-Lavalin International Inc. reached agreement with the DPCP on the terms of the remediation agreement and, on May 11, 2022, the Québec Superior Court issued an order approving the remediation agreement (the "Remediation Agreement"). The Remediation Agreement has a three-year term, and requires a total payment of $29.6 million payable over three years as well as the appointment of a monitor for a three-year period, amongst other obligations. The Company estimated the net present value of these installments at $27.4 million at May 11, 2022, which was included in "DPCP Remediation Agreement expense" in the consolidated income statement for the year ended December 31, 2022. The Criminal Charges are suspended during the term of the Remediation Agreement, and, upon its expiry, provided the terms will have been complied with and subject to Court approval, the Criminal Charges will be dismissed. Also, on May 11, 2022, the Company entered into an administrative agreement with Public Services and Procurement Canada allowing the Company to continue to do business with the Canadian federal government and federal departments and agencies under the auspices of the federal Integrity Regime despite the Criminal Charges being suspended pursuant to the Remediation Agreement.

The Company cannot predict what, if any, other actions may be taken by any other applicable government or authority or the Company's customers or other third parties as a result of the Criminal Charges.

Ongoing and potential investigations

The Company is subject to ongoing investigations that could subject the Company to criminal and administrative enforcement actions, civil actions and sanctions, fines and other penalties, some of which may be significant. These investigations, and potential results thereof, could harm the Company's reputation, result in suspension, prohibition or debarment of the Company from participating in certain projects, reduce its revenues and net income and adversely affect its business.

## 13. CONTINGENT LIABILITIES (CONTINUED)

The Company understands that there are investigations by various authorities which may remain ongoing in connection with certain legacy matters in various jurisdictions, including, without limitation, Algeria, Brazil and Angola.

The Company is currently unable to determine when any of these investigations will be completed or whether other investigations of the Company by these or other authorities will be initiated or the scope of current investigations broadened or result in legal proceedings against the Company. The Company continues to cooperate and communicate with authorities in connection with all ongoing investigations.

If regulatory, enforcement or administrative authorities or third parties determine to take action against the Company or to sanction the Company in connection with possible violations of law, contracts or otherwise as a result of ongoing or future investigations, the consequences of any such sanctions or other actions, whether actual or alleged, could require the Company to pay material fines or damages, consent to restrictions on future conduct or lead to other penalties, including temporary or permanent, mandatory or discretionary suspension, prohibition or debarment from participating in projects, or the revocation of authorizations or certifications, by certain administrative organizations or by governments (such as the Government of Canada and/or the Government of Québec) under applicable procurement laws, regulations, policies or practices. The Company derives a significant percentage of its annual consolidated revenue from government and government-related contracts. Further, public and private sector bid processes in some instances assess whether the bidder, or an affiliate thereof, has ever been the object of any investigations, or sanctions or other actions resulting therefrom. In such instances, if the Company or one of its subsidiaries or investee entities must answer affirmatively to a query as to past or current investigations, or sanctions or other actions resulting therefrom, such answer may affect that entity's ability to be considered for the applicable project. In addition, the Company may not win contracts that it has bid upon due to a client's perception of the Company's reputation and/or perceived reputational advantages held by competitors as a result of such investigations, sanctions or other actions. Loss of bidding opportunities resulting from such investigations, sanctions or other actions, whether discretionary (including as a result of reputational factors) or mandatory, from participating in certain government, government-related and private contracts (in Canada, Canadian provinces or elsewhere) could materially adversely affect the Company's business, financial condition and liquidity and the market price of the Company's issued and traded securities.

The outcomes of ongoing or future investigations could also result in, among other things, (i) covenant defaults under various project contracts, (ii) third party claims, which may include claims for special, indirect, derivative or consequential damages, or (iii) adverse consequences on the Company's ability to secure or continue its own financing, or to continue or secure financing for current or future projects, any of which could materially adversely affect the Company's business, financial condition and liquidity and the market price of the Company's issued and traded securities. In addition, these investigations and outcomes of these investigations and any negative publicity associated therewith could damage the Company's reputation and ability to do business.

Due to the uncertainties related to the outcome of ongoing or future investigations, the Company is currently unable to reliably estimate an amount of potential liabilities or a range of potential liabilities, if any, in connection with any of these investigations.

The Company's senior management and Board of Directors have been required to devote significant time and resources to the investigations described above and ongoing related matters, as well as the investigations leading to the settlements described above, which have distracted and may continue to distract senior management and the Board of Directors from the conduct of the Company's daily business, and significant expenses have been and may continue to be incurred in connection with such investigations including substantial fees of lawyers and other advisors. In addition, the Company and/or its employees or former employees could become the subject of these or other investigations by law enforcement and/or regulatory authorities in respect of the matters described above or below, or other matters, which, in turn, could require the devotion of additional time of senior management and the diversion or utilization of other resources.

Other legal proceedings

The Company becomes involved in various legal proceedings in the ordinary course of its business and this section describes important ordinary course of business legal proceedings, including the general cautionary language relating to the risks inherent to all litigation and proceedings against the Company, which is equally applicable to the legal proceedings described below.

The Company has initiated court proceedings against a Canadian client stemming from engineering, procurement and construction management services that the Company provided in relation to the client's expansion of an ore-processing facility. The Company claimed from the client certain amounts due under the project contract. The client has counter-claimed alleging that the Company defaulted under the project contracts and is seeking damages.

## 13. CONTINGENT LIABILITIES (CONTINUED)

The Company has initiated court proceedings in Qatar against a main contractor stemming from its involvement in a consortium that was a sub-contractor for mechanical, electrical and plumbing services in relation to the construction of a hospital. The Company claimed from the main contractor certain amounts due under the sub-contract. The Company's consortium partner has also initiated court proceedings against the main contractor claiming certain amounts due to it under the sub-contract. The main contractor has counter-claimed alleging that the Company and its consortium partner defaulted under the sub-contract and is seeking damages.

Due to the inherent uncertainties of litigation, it is not possible to (a) predict the final outcome of this and other legal proceedings generally, (b) determine if the amount included in the Company's provisions is sufficient, or (c) determine the amount of potential losses, if any, that may be incurred in connection with any final judgment on these matters.

The Company is a party to other claims and litigation arising in the normal course of operations, including by clients, subcontractors, and suppliers presenting claims for, amongst other things, recovery of costs related to certain projects. Due to the inherent uncertainties of litigation and/or the early stage of certain proceedings, it is not possible to predict the final outcome of all ongoing claims and litigation at any given time or to determine the amount of any potential losses, if any. With respect to claims or litigation arising in the normal course of operations which are at a more advanced stage and which permit a better assessment of potential outcome, the Company does not expect the resolution of these matters to have a material adverse effect on its financial position or results of operations.

## 14. SHORT-TERM DEBT AND LONG-TERM DEBT

As at March 31, 2024 and December 31, 2023, the Company's short-term debt and long-term debt included in its consolidated statement of financial position were as follows:

| | MARCH 31, 2024 | | | DECEMBER 31, 2023 [1] | | |
|---|---|---|---|---|---|---|
| | SHORT-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT | LONG-TERM DEBT | TOTAL | SHORT-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT | LONG-TERM DEBT | TOTAL |
| Recourse debt | **$ 299,673** | **$ 1,191,768** | **$ 1,491,441** | $ 299,465 | $ 1,121,054 | $ 1,420,519 |
| Limited recourse debt | **—** | **398,457** | **398,457** | — | 398,288 | 398,288 |
| Non-recourse debt [2] | **164,342** | **—** | **164,342** | 163,824 | — | 163,824 |
| | **$ 464,015** | **$ 1,590,225** | **$ 2,054,240** | $ 463,289 | $ 1,519,342 | $ 1,982,631 |

(1) Comparative figures have been restated (See Note 2B).

(2) Non-recourse debt is unsecured or secured only by Capital or PS&PM investment's specific assets.

### AMENDMENTS TO THE 2022 CREDIT AGREEMENT

In the first quarter of 2024, the Company entered into an agreement with its lenders to: i) extend the maturity of its 2022 Credit Agreement, which includes the Company's Revolving Facility and Term Loan, from May 31, 2026 to May 31, 2027; and ii) provide for the transition from CDOR to a new interest benchmark rate for Canadian dollar denominated draws (see Note 2D).

### AMENDMENTS TO THE CREDIT FACILITY OF TRANSITNEXT GENERAL PARTNERSHIP

In the first quarter of 2024, TransitNEXT General Partnership entered into an agreement with its lenders mainly to: i) extend the maturity of its credit facility in the aggregate principal amount of $149.0 million from February 2024 to no later than July 2024; and ii) provide for the transition from CDOR to a new interest benchmark rate (see Note 2D).

### ISSUANCE OF SERIES 8 DEBENTURES

In the first quarter of 2024, AtkinsRéalis issued, on a private placement basis, new unsecured Series 8 Debentures in the principal amount of $400 million, which bear interest at the rate of 5.70% *per annum* and mature on March 26, 2029 (the "Series 8 Debentures"). The Series 8 Debentures are redeemable at the option of the issuer, in whole or in part, at a price based on a make-whole formula during the first two years of the term of the Series 8 Debentures and at a decreasing premium thereafter. The net proceeds from this issuance amounted to $396.0 million and were used as follows: (i) to repay in full the outstanding indebtedness under the Company's Revolving Facility (see Note 10D); and (ii) for general corporate purposes.

## 15. RESTRUCTURING AND TRANSFORMATION COSTS

| THREE MONTHS ENDED MARCH 31 | | **2024** | | 2023 |
|---|---|---|---|---|
| Restructuring costs | **$** | **1,155** | $ | 7,660 |
| Transformation costs | | **3,410** | | 6,851 |
| **Restructuring and transformation costs** | **$** | **4,565** | $ | 14,511 |

The restructuring costs recognized for the three-month periods ended March 31, 2024 and 2023 were mainly for severances.

## 16. GLOBAL MINIMUM TAX (PILLAR TWO)

The Company derives most of its consolidated revenues from the following three jurisdictions: the United Kingdom, Canada and the United States. As at March 31, 2024, out of these three jurisdictions, only the United Kingdom enacted new legislation to implement the global minimum tax effective for the years beginning January 1, 2024 and thereafter.

For the three-month period ended March 31, 2024, the current income tax expense related to Pillar Two income taxes amounted to $0.3 million.

The Company has applied a temporary mandatory exception to recognizing and disclosing information about deferred income tax assets and liabilities arising from jurisdictions implementing the global minimum tax rules.

## 17. TRANSACTION RELATED TO AN O&M CONTRACT AND RELATED INVESTMENTS

On March 5, 2024, AtkinsRéalis announced that it will undertake the O&M work at the *Centre Hospitalier de l'Université de Montréal* ("CHUM"), a hospital complex in Canada, through a contract that will span a 26-year period. This contract with Health Montréal Collective Limited Partnership ("HMC L.P."), party to a public-private partnership with CHUM, resulted from a transaction whereby AtkinsRéalis acquired (i) 100% ownership interests in the entities performing the O&M contract with HMC L.P.; (ii) a 10% ownership interest in HMC L.P. valued at $4.9 million (see Note 5A); and (iii) an unsecured, subordinated long-term loan to HMC L.P. valued at $16.9 million. This transaction, undertook to expand AtkinsRéalis' business in Canada while leveraging its existing expertise in engineering and project management, was accounted for in accordance with IFRS 3, *Business combinations*, and this business has been consolidated from the effective date of acquisition, which was March 4, 2024.

### FAIR VALUE OF NET IDENTIFIABLE ASSETS (LIABILITIES) OF BUSINESS ACQUIRED

| | | **MARCH 4 2024** |
|---|---|---|
| Cash | **$** | **55,643** |
| Other assets | | **54,334** |
| Deferred revenues and other liabilities | | **(89,927)** |
| **Fair value of net identifiable assets (liabilities) of business acquired** | **$** | **20,050** |

The above presents management's preliminary assessment of the fair values of assets acquired and liabilities assumed based on best estimates taking into account all relevant information available; the final allocation of the purchase price may therefore vary from the amounts presented above.

### NET CASH INFLOW ON ACQUISITION OF BUSINESS

| THREE MONTHS ENDED MARCH 31 | | **2024** |
|---|---|---|
| Total purchase price paid in cash [1] | **$** | **(20,050)** |
| Cash at acquisition as per above | | **55,643** |
| **Net cash inflow on acquisition of business** | **$** | **35,593** |

[1] The amount of the purchase price paid in cash is subject to potential net working capital and net indebtedness adjustments with the seller.

# 18. EVENT AFTER THE REPORTING PERIOD

### DISPOSAL OF CERTAIN NON-CORE ASSETS

In May 2024, AtkinsRéalis sold certain non-core gas-processing assets held by Valerus Compression Services LLC, a wholly-owned subsidiary in the United States. This disposal resulted in a cash inflow of approximately $52.2 million (US$38.2 million).

AtkinsRéalis

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